

HOW CON ARTIST USE RELIGIOUS AFFILIATION TO STEAL FROM THE FAITHFUL

"Give and it shall be given unto you." Luke 6:38.

This quote from the Bible was used by promoters of The Greater Ministries International Group, a fraudulent organization later charged with conspiracy, money laundering and mail fraud, to scam investors out of \$580 million. The victims were faithful church-goers in search of safe haven to invest their hard-earned savings. The promoters used affinity fraud, a way of taking advantage of a closely-knit group of shared ancestry, race or religion by claiming membership, to swindle their victims.

Incredibly, the audacity of these shameless scam artists have no bounds. Many of them will pray with their victims and describe their supposed personal spirituality at length. They then pitch their product to fellow church members, telling them that their money will "multiply like loaves and fishes" or that it is "protected by the Lord" when in fact it's only going into the scamsters' personal bank accounts. When investors ask questions about the plan or demanded proof, they are told that they obviously don't have the faith to become an investor.

Do you think that affinity fraud doesn't happen in Delaware? Think again. In 2001, the Delaware Securities Division successfully prosecuted a Greater Ministries spin-off group. The Division charged Joy R. Evans of Ocean View, Delaware for promoting the fraudulent investments of Sovereign Ministries International. Would-be investors were told that if they invested with Sovereign Ministries, they would receive a 100% percent return on their investments within 12 months. Nationally, Sovereign Ministries International scammed thousands out of \$13 million, even hiring ministers as sales people. To convince would-be investors that the scheme was legitimate and honest, Bible verses were featured prominently on the investment applications. Later, investors were made to sign contracts that read "I do not expect any repayment or profit other than what God shall bestow in His supreme discretion considering my faith and love of the Lord."

Typical of any securities scam, some of the Sovereign Ministries proceeds went to the purchase of luxury items for the Sovereign Ministries' founders, and not for various securities, as investors were promised. Part of the money was used to further the Sovereign Ministries fraud—cash from new investors was used to pay the phony "returns" of the investments, making the plan seem legitimate.

According to the North American Securities Administrators Association (NASAA), the national voice of the 50 state securities regulators, in the past three years alone over 90,000 Americans lost approximately \$1.8 billion to "God fraud." NASAA considers affinity fraud to be one of the fastest growing rip-offs in the country. Why is it so popular with con artists? Con artists know that once they win a group's trust, the affinity group won't question them. Their next step is to recruit other group members to give positive testimonials and glowing recommendations to induce others to invest. Ironically, many experts believe that stock market volatility and the September 11 attacks have made the investing public more susceptible to the schemes of affinity fraud promoters because scam artists know that the public is searching for safe, trustworthy investments with strong returns.

What Can You Do To Protect Yourself?

The most obvious lesson to be learned from affinity fraud is not to trust someone just because he or she claims to be a member of your group. Here are some things you can do to avoid being a victim.

1. Always be suspicious of any investment that is closely tied in to a particular religious or community group. In the case of churches, question why the investment opportunity is only available to members of the faith. Exercise the same caution and skepticism that you would for any other investment.
2. Be wary of promoters who use names or testimonials from other members of your group. The promoter may be running a ponzi or pyramid scheme□ in other words, the promoter may be using the money from current investors to pay high returns to the older ones, generating hype and excitement in the group. By the time new investors come on board, the scheme collapses.
3. Always ask for a prospectus (a formal written offer to sell securities) and other written information that describes the investment. Make sure this written information explains the risks involved in the investment and the procedures for getting your money out of the investment should you choose to do so.
4. Ask the Delaware Securities Division for information about the person selling the investment and the investment company. The Securities Division can tell you whether they are registered to do business in the State of Delaware. Beware of claims that religious-based investments are not regulated.
5. Don't let scam artists get away with this crime. If you suspect that you are the victim of affinity fraud, contact the Delaware Securities Division at (302) 577-8424 or (800) 220-5424. The scam artist will most likely continue to prey upon other victims.